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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, DC 20549

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**FORM 8-K**

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**CURRENT REPORT**  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934

**Date of Report (Date of earliest event reported): October 11, 2016**

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**XYLEM INC.**

(Exact name of registrant as specified in its charter)

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**Indiana**  
(State or other jurisdiction  
of incorporation)

**001-35229**  
(Commission  
File Number)

**45-2080495**  
(IRS Employer  
Identification No.)

**1 International Drive**  
**Rye Brook, New York**  
(Address of principal executive offices)

**10573**  
(Zip Code)

**(914) 323-5700**  
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 1.01. Entry into a Material Definitive Agreement.**

On October 11, 2016, Xylem Inc. (the “Company”) closed its public offering (the “Offering”) of \$500,000,000 aggregate principal amount of 3.250% Senior Notes due 2026 (the “2026 notes”) and \$400,000,000 aggregate principal amount of 4.375% Senior Notes due 2046 (the “2046 notes”) and, together with the 2026 notes, the “notes”). In connection with the closing of the Offering, on October 11, 2016, the Company entered into a third supplemental indenture with Deutsche Bank Trust Company Americas, as trustee (the “Third Supplemental Indenture”). The Third Supplemental Indenture further supplements and modifies the senior note indenture (the “Senior Indenture”) which was modified by the first supplemental indenture (the “First Supplemental Indenture” and together with the Senior Indenture, the “Base Indenture”), each by and between Deutsche Bank Trust Company Americas, as trustee, and the Company and dated March 11, 2016. The Senior Indenture and the First Supplemental Indenture were filed as exhibit 4.1 and 4.2 to the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission on March 11, 2016. The notes were issued pursuant to the Base Indenture, as further supplemented and modified by the Third Supplemental Indenture, (the Base Indenture as so supplemented and modified, the “Indenture”).

The Company intends to use the net proceeds of the Offering, together with cash on hand, proceeds from issuances under the Company’s existing commercial paper program and borrowings under a new euro-denominated term loan, to fund the \$1.7 billion cash purchase price of its acquisition of the direct and indirect subsidiaries of Sensus Worldwide Limited (other than Sensus Industries Limited) (the “Acquisition”), and to use any remaining net proceeds for general corporate purposes. Pending such use of the net proceeds, the Company may invest the proceeds in highly liquid short-term securities.

The 2026 notes will bear interest at the rate of 3.250% per year and will mature on November 1, 2026. The 2046 notes will bear interest at the rate of 4.375% per year and will mature on November 1, 2046. Interest on the notes will be payable semiannually on May 1 and November 1 of each year beginning on May 1, 2017. The notes will be the Company’s senior unsecured obligations and rank equally with its other unsecured and unsubordinated indebtedness.

The Company may redeem the notes at any time, at its option, subject to certain conditions, at specified redemption prices, plus accrued and unpaid interest to the redemption date. In addition, in the event that the closing of the Acquisition has not occurred on or prior to the earlier of (i) February 15, 2017 (or in certain cases up to May 15, 2017), and (ii) the date the share purchase agreement between Xylem, its wholly-owned subsidiary, Xylem Luxembourg S.à r.L. and Sensus Worldwide Limited is terminated, the Company will be required to redeem all outstanding notes on a specified date (the “special mandatory redemption date”) at a redemption price equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the special mandatory redemption date. The Indenture contains customary agreements and covenants by the Company. These covenants limit the ability of the Company and its restricted subsidiaries (i) to incur debt secured by liens on certain property above a threshold, (ii) to engage in certain sale and leaseback transactions involving certain property above a threshold and (iii) to consolidate or merge, or convey or transfer all or substantially all of the their assets. If the Company experiences certain changes of control accompanied or followed by rating downgrades during a specified period, the Company will be required to make an offer to repurchase the notes at a purchase price equal to 101% of the aggregate principal amount of such notes, plus accrued and unpaid interest to the repurchase date.

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The foregoing description of the notes and the Third Supplemental Indenture does not purport to be complete and is qualified in its entirety by reference to the full text of the notes and the Third Supplemental Indenture, forms or copies of which are attached as exhibits to this Current Report on Form 8-K and are incorporated herein by reference.

The notes have been registered under the Securities Act of 1933, as amended, by a registration statement on Form S-3 (File No. 333-207672), including a base prospectus (the "Registration Statement"), filed with the SEC on October 29, 2015, as supplemented by a preliminary prospectus supplement, filed with the SEC on October 3, 2016, and a final prospectus supplement, filed with the SEC on October 5, 2016. This Current Report on Form 8-K is incorporated by reference into the Registration Statement.

**Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.**

The disclosure under Item 1.01 of this report is also responsive to Item 2.03 of this report and is incorporated herein by reference.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
4.1	Third Supplemental Indenture, dated October 11, 2016, by and between the Company and Deutsche Bank Trust Company Americas, as trustee (including the form of 3.250% Senior Notes due 2026 and the form of 4.375% Senior Notes due 2046).
5.1	Opinion of Gibson, Dunn & Crutcher LLP.
5.2	Opinion of Barnes & Thornburg LLP.
23.1	Consent of Gibson, Dunn & Crutcher LLP (included in Exhibit 5.1).
23.2	Consent of Barnes & Thornburg LLP (included in Exhibit 5.2).

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**XYLEM INC.**

Date: October 11, 2016

By: /s/ E. Mark Rajkowski

Name: E. Mark Rajkowski

Title: Senior Vice President & Chief Financial Officer

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**EXHIBIT INDEX**

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**XYLEM INC.**

**AND**

**DEUTSCHE BANK TRUST COMPANY AMERICAS,**

**as Trustee**

**SUPPLEMENTAL INDENTURE NO. 3**

**Dated as of October 11, 2016**

THIS SUPPLEMENTAL INDENTURE No. 3 (this “Supplemental Indenture No. 3”), dated as of October 11, 2016, is between XYLEM INC., an Indiana corporation (the “Company”), and DEUTSCHE BANK TRUST COMPANY AMERICAS, a New York banking corporation, as Trustee (the “Trustee”).

**RECITALS**

WHEREAS, the Company has heretofore executed and delivered to the Trustee an Indenture dated as of March 11, 2016 between the Company and the Trustee (the “Original Indenture”), as amended and supplemented by a Supplemental Indenture No. 1 dated as of March 11, 2016 between the Company and the Trustee (“Supplemental Indenture No. 1,”; the Original Indenture as so amended and supplemented, the “Base Indenture”; and the Base Indenture as further supplemented by this Supplemental Indenture No. 3, the “Indenture”), providing for the issuance from time to time of series of the Company’s Securities;

WHEREAS, Section 9.01(g) of the Base Indenture provides for the Company and the Trustee to enter into an indenture supplemental to the Base Indenture to establish the forms or terms of Securities of any series as permitted by Section 2.02 or Section 3.01 of the Base Indenture;

WHEREAS, pursuant to Section 3.01 of the Base Indenture, the Company wishes to provide for the issuance of two new series of Securities to be known as its 3.250% Senior Notes due 2026 (the “2026 Notes”) and its 4.375% Senior Notes due 2046 (the “2046 Notes” and collectively with the 2026 Notes, the “Notes”), the form and terms of such Notes and the terms, provisions and conditions thereof to be as set forth in this Supplemental Indenture No. 3; and

WHEREAS, the Company has requested that the Trustee execute and deliver this Supplemental Indenture No. 3 and all requirements necessary to make this Supplemental Indenture No. 3 a valid, binding and enforceable instrument in accordance with its terms, and to make the Notes, when executed by the Company and authenticated and delivered by the Trustee, the valid, binding and enforceable obligations of the Company, have been done and performed, and the execution and delivery of this Supplemental Indenture No. 3 has been duly authorized in all respects.

NOW, THEREFORE, in consideration of the covenants and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

**ARTICLE 1  
DEFINITIONS**

Section 1.01. *Relation to Base Indenture.* This Supplemental Indenture No. 3 constitutes an integral part of the Base Indenture.

Section 1.02. *Definition of Terms.* For all purposes of this Supplemental Indenture No. 3:

(a) capitalized terms used herein without definition shall have the meanings set forth in the Base Indenture;

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(b) a term defined anywhere in this Supplemental Indenture No. 3 has the same meaning throughout;

(c) the singular includes the plural and vice versa;

(d) headings are for convenience of reference only and do not affect interpretation; and

(e) the following terms have the meanings given to them in this Section 1.02(e):

“Acquisition” shall mean the acquisition by the Company of the direct and indirect subsidiaries of Sensus Worldwide Limited (other than Sensus Industries Limited) pursuant to the Purchase Agreement.

“Business Day” shall mean any day, other than a Saturday or Sunday, which is not a day on which banking institutions in The City of New York are authorized or required by law or executive order to close.

“Change of Control” shall mean the occurrence of any one of the following: (1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger, amalgamation, arrangement or consolidation), in one or a series of related transactions, of all or substantially all of the Company’s properties or assets and those of the Company’s subsidiaries, taken as a whole, to one or more persons, other than to the Company or one of the Company’s subsidiaries; (2) the first day on which a majority of the members of the Company’s board of directors is not composed of directors who (a) were members of the Company’s board of directors on the issue date or (b) were nominated for election, elected or appointed to the Company’s board of directors with the approval of a majority of the directors who were members of the Company’s board of directors at the time of such nomination, election or appointment (either by a specific vote or by approval by such directors of the Company’s proxy statement in which such member was named as a nominee for election as a director); (3) the consummation of any transaction including, without limitation, any merger, amalgamation, arrangement or consolidation the result of which is that any person becomes the beneficial owner, directly or indirectly, of more than 50% of the Company’s voting stock; (4) the Company consolidates with, or merges with or into, any person, or any person consolidates with, or merges with or into, the Company, in any such event pursuant to a transaction in which any of the outstanding voting stock of the Company or of such other person is converted into or exchanged for cash, securities or other property, other than any such transaction where the shares of the Company’s voting stock outstanding immediately prior to such transaction constitute, or are converted into or exchanged for, a majority of the voting stock of the surviving person immediately after giving effect to such transaction; or (5) the adoption of a plan relating to the Company’s liquidation or dissolution (other than the Company’s liquidation into a newly formed holding company). Notwithstanding the foregoing, a transaction described in clause (3) above will not be deemed to involve a Change of Control if (1) the Company becomes a direct or indirect wholly-owned subsidiary of a holding company (which shall include a parent company) and (2)(A) the direct or indirect holders of the voting stock of such holding company immediately following that transaction are substantially the same as, and hold in substantially the same proportions as, the holders of the Company’s voting stock immediately prior to that transaction or (B) immediately following that transaction no person (other than a holding company satisfying the requirements of this sentence) is the beneficial owner, directly or indirectly, of more than 50% of the then outstanding voting stock, measured by voting power, of such holding company. Following any such transaction, references in this definition to the Company shall be deemed to refer to such holding company. For the purposes of this definition, “person” and “beneficial owner” have the meanings used in Section 13(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

“Change of Control Offer” shall have the meaning set forth in Section 4.01(a).

“Change of Control Purchase Price” shall have the meaning set forth in Section 4.01(a).

“Change of Control Triggering Event” shall mean the occurrence of both a Change of Control and a Ratings Downgrade Event. Notwithstanding the foregoing, no Change of Control Triggering Event will be deemed to have occurred in connection with any particular Change of Control unless and until such Change of Control has actually been consummated.

“Comparable Treasury Issue” shall mean the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term (“Remaining Life”) of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the notes (assuming, for this purpose, such notes mature on the applicable Par Call Date).

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“Comparable Treasury Price” shall mean, with respect to any redemption date, (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Quotations or, if only one such Quotation is obtained, such Quotation.

“Fitch” shall mean Fitch Inc.

“Global Note” shall have the meaning set forth in Section 2.04.

“Independent Investment Banker” means an independent investment banking institution of national standing appointed by the Company, which may be one of the Reference Treasury Dealers.

“Interest Payment Date” shall have the meaning set forth in Section 2.05(a).

“Make-Whole Redemption Price” shall have the meaning set forth in Section 3.02(a).

“Maturity Date” shall mean November 1, 2026 in the case of the 2026 Notes and November 1, 2046 in the case of the 2046 Notes.

“Moody’s” shall mean Moody’s Investors Service, Inc.

“Optional Redemption Price” shall have the meaning set forth in Section 3.02(b).

“Par Call Date” shall mean, in the case of the 2026 Notes, August 1, 2026 (three months prior to their Maturity Date ) and, in the case of the 2046 Notes, May 1, 2046 (six months prior to their Maturity Date).

“Par Redemption Price” shall have the meaning set forth in Section 3.02(b).

“Purchase Agreement” shall mean the share purchase agreement dated August 15, 2016 among the Company, Xylem Luxembourg S.à r.L., a Luxembourg société à responsabilité limitée, Sensus Worldwide Limited, an exempted company incorporated under the laws of Bermuda, Sensus Industries Limited, an exempted company incorporated under the laws of Bermuda, and Sensus USA Inc., a Delaware corporation.

“Rating Agency” shall mean (1) each of Fitch, Moody’s and S&P; or (2) if any of Moody’s Fitch or S&P ceases to rate the Notes or fails to make a rating of the Notes publicly available for reasons outside of the Company’s control, a “nationally recognized statistical rating organization” as defined under Section 3(a)(62) of the Exchange Act selected by the Company as a replacement Rating Agency for Moody’s, Fitch or S&P as the case may be.

“Ratings Downgrade Event” shall mean that the Notes cease to be rated equal to or higher than BBB- (or the equivalent) by Fitch, Baa3 (or the equivalent) by Moody’s or BBB- (or the equivalent) by S&P, and the equivalent investment grade credit rating from any replacement Rating Agency or replacement Rating Agencies selected by the Company on any date, during the 60-day period commencing upon the earlier of (1) the first public announcement of the Change of Control or the Company’s intention to effect a Change of Control and (2) the consummation of such Change of Control, which period will be extended following consummation of a Change of Control for so long as the rating of the Notes is under publicly announced consideration for possible downgrade by any of the Rating Agencies. Unless at least one Rating Agency is providing a rating for the Notes at the commencement of any such period, the Notes will be deemed to have ceased to be rated as described above during such period.

“Redemption Date” shall mean, with respect to any redemption of Notes, the date fixed for such redemption pursuant to the Indenture and such Notes.

“Redemption Notice Date” shall have the meaning set forth in Section 3.01(a)



“Reference Treasury Dealer” shall mean each of (1) Citigroup Global Markets Inc. and Wells Fargo Securities, LLC, and their respective successors, and (2) any other primary U.S. government securities dealer in New York City that the Company selects (each, a “Reference Treasury Dealer”).

“Reference Treasury Dealer Quotation” shall mean, with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day preceding such Redemption Date.

“Special Mandatory Redemption Date” shall have the meaning set forth in Section 3.01(a)

“Special Mandatory Redemption Event” shall have the meaning set forth in Section 3.01(a)

“Special Mandatory Redemption Price” shall have the meaning set forth in Section 3.01(a)

“S&P” shall mean S&P Global Ratings, a division of S&P Global Inc.

“Treasury Rate” shall mean, with respect to any Redemption Date, (1) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated “H.15(519)” or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption “Treasury Constant Maturities,” for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the Remaining Life, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month), (2) if the period from the redemption date to the applicable Par Call Date of the notes to be redeemed is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used, or (3) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date. The Treasury Rate shall be calculated on the third business day preceding the Redemption Date.

The terms “Company,” “Trustee,” “Indenture,” “Base Indenture,” “Supplemental Indenture No. 3,” “2026 Notes,” “2046 Notes” and “Notes” shall have the respective meanings set forth in the preamble and recitals to this Supplemental Indenture No. 3.

## **ARTICLE 2 GENERAL TERMS AND CONDITIONS OF THE NOTES**

### *Section 2.01. Designation and Principal Amount.*

The 2026 Notes may be issued from time to time upon receipt by the Trustee of an Authentication Order pursuant to Section 3.03 of the Base Indenture. The initial issue date shall be October 11, 2016. There is hereby authorized a series of Securities designated as the 3.250% Senior Notes due 2026 limited in aggregate principal amount to \$500,000,000 (except for additional Notes of such series authenticated and delivered in accordance with Section 3.01 of the Base Indenture and upon registration of transfer of, or in exchange for, or in lieu of, other Notes pursuant to the Base Indenture).

The 2046 Notes may be issued from time to time upon receipt by the Trustee of an Authentication Order pursuant to Section 3.03 of the Base Indenture. The initial issue date shall be October 11, 2016. There is hereby authorized a series of Securities designated as the 4.375% Senior Notes due 2046 limited in aggregate principal amount to \$400,000,000 (except for additional Notes of such series authenticated and delivered in accordance with Section 3.01 of the Base Indenture and upon registration of transfer of, or in exchange for, or in lieu of, other Notes pursuant to the Base Indenture).

Section 2.02. *Maturity*. The date upon which all outstanding principal of the 2026 Notes shall become due and payable, together with any accrued and unpaid interest thereon, is November 1, 2026. The date upon which all outstanding principal of the 2046 Notes shall become due and payable, together with any accrued and unpaid interest thereon, is November 1, 2046.

Section 2.03. *Payment and Appointment*. Principal of, premium, if any, and interest on the Notes will be payable at the office of the Paying Agent or, at the Company's option, payment of interest may be made by check mailed to the Holders of the Notes at their respective addresses set forth in the register of Holders; provided that all payments of principal, premium, if any, and interest with respect to the Notes represented by one or more Global Notes deposited with, or on behalf of, a common depository, and registered in the name of the nominee of the common depository for the account of The Depository Trust Company, New York, New York ("DTC") will be made through the facilities of the common depository.

The Paying Agent, transfer agent and Security Registrar with respect to the Notes shall initially be the Trustee.

The Notes shall be issuable in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

Section 2.04. *Global Note*. The Notes shall be issued initially in the form of one or more fully registered global notes (each, a "Global Note") and such Global Notes shall be deposited with, or on behalf of the DTC and registered in the name of Cede & Co., the nominee of DTC. Unless and until such Global Note is exchanged for Notes in certificated form, such Global Note may be transferred, in whole but not in part, and any payments on the Notes shall be made, only to the DTC or another nominee of the DTC, or to a successor the DTC selected or approved by the Company or to a nominee of such successor depository.

Section 2.05. *Interest*. (a) The 2026 Notes will bear interest at a rate of 3.250% per annum and the 2046 Notes will bear interest at a rate of 4.375% per annum, each from October 11, 2016, or from the most recent date to which interest has been paid or provided for, payable semi-annually in arrears on May 1 and November 1 of each year (each, an "Interest Payment Date"), commencing March 11, 2017 to Holders of record at the close of business on the 15th calendar day (whether or not a Business Day) immediately preceding the Interest Payment Date; provided, however, that interest payable on the applicable Maturity Date of the Notes or any Redemption Date of the Notes shall be payable to the person to whom the principal of such Notes shall be payable.

(b) Interest payable on the Notes on any Interest Payment Date, Redemption Date or Maturity Date shall be computed on the basis of a 360-day year of twelve 30-day months. If any Interest Payment Date falls on a day that is not a Business Day, the interest payment will be made on the next succeeding day that is a Business Day, but no additional interest will accrue as a result of the delay in payment. If the Maturity Date or any Redemption Date of the Notes falls on a day that is not a Business Day, the related payment of principal, premium, if any, and interest will be made on the next succeeding Business Day as if it were made on the date such payment was due, and no interest will accrue on the amounts so payable for the period from and after such date to the next succeeding Business Day.

Section 2.06. *No Sinking Fund*. The Notes are not entitled to the benefit of any sinking fund.

Section 2.07. *No Guarantee*. The Notes will not be guaranteed by any Person or Persons.

### **ARTICLE 3 REDEMPTION OF THE NOTES**

Section 3.01. *Special Mandatory Redemption*. (a) In the event the closing of the Acquisition has not occurred on or prior to the earlier of (i) February 15, 2017 (provided that, if the termination date of the Purchase Agreement is extended, this date will also be extended to the same extended termination date, but in no case will this date be extended beyond May 15, 2017) and (ii) the date the Purchase Agreement is terminated (each, a "Special Mandatory Redemption Event"), the Company shall redeem the notes in whole at a special mandatory redemption price (the "Special Mandatory Redemption Price") equal to 101% of the aggregate principal amount of the Notes, plus accrued and unpaid interest on the principal amount of the notes to, but not including, the Special Mandatory Redemption Date (as defined below). Upon the occurrence of a Special Mandatory Redemption Event, the Company shall

promptly (but in no event later than 10 Business Days following such Special Mandatory Redemption Event) cause notice to be delivered electronically or mailed, with a copy to the Trustee, to each Holder at its registered address (such date of notification to the holders, the “Redemption Notice Date”). The notice will inform holders that the notes will be redeemed on the 30th day (or if such day is not a business day, the first business day thereafter) following the Redemption Notice Date (such date, the “Special Mandatory Redemption Date”) and that all of the outstanding notes will be redeemed at the Special Mandatory Redemption Price on the Special Mandatory Redemption Date automatically and without any further action by the Holders of the Notes.

(b) At or prior to 12:00 p.m. (New York City time) on the Business Day immediately preceding the Special Mandatory Redemption Date, the Company shall deposit with the trustee funds sufficient to pay the Special Mandatory Redemption Price for the notes. If such deposit is made as provided above, the Notes will cease to bear interest on and after the Special Mandatory Redemption Date.

(c) The foregoing provisions in this Section 3.01 shall supersede the provisions in Article 11 of the Base Indenture to the extent inconsistent therewith.

Section 3.02. *Optional Redemption by Company.* (a) At any time prior to the applicable Par Call Date, the Company shall have the right at its option to redeem the Notes, as a whole or in part, at a redemption price (the “Make-Whole Redemption Price”) equal to the greater of:

(i) 100% of the principal amount of the Notes to be redeemed; and

(ii) the sum, as determined by an Independent Investment Banker, of the present values of the remaining scheduled payments of principal and interest (exclusive of interest accrued to the date of redemption) from the redemption date to the applicable Par Call Date, in each case discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 25 basis points for the 2026 Notes and 35 basis points for the 2046 Notes;

together with, in each case, accrued and unpaid interest on the principal amount of the Notes to be redeemed to, but not including, the Redemption Date.

With respect to any redemption occurring prior to the applicable Par Call Date, the Company shall give the Trustee notice of the Make-Whole Redemption Price promptly after the calculation thereof and the Trustee shall have no responsibility for such calculation.

(b) At any time on or after the applicable Par Call Date, the Company shall have the right at its option to redeem the Notes, as a whole or in part, at a redemption price (the “Par Redemption Price” and together with the Make-Whole Redemption Price, each an “Optional Redemption Price”) equal to 100% of the principal amount of the Notes to be redeemed; plus, accrued and unpaid interest, if any, on the principal amount of the Notes to be redeemed to, but excluding, the Redemption Date.

(c) Unless the Company defaults in payment of the Optional Redemption Price, on and after the Redemption Date, interest will cease to accrue on the applicable Notes or portions thereof called for redemption. On or before the Redemption Date, the Company shall deposit with the Paying Agent or set aside, segregate and hold in trust (if the Company is acting as Paying Agent), funds sufficient to pay the Optional Redemption Price of, and accrued and unpaid interest on, such Notes to be redeemed on that Redemption Date. If fewer than all of the Notes are to be redeemed, the Trustee will select, not more than 60 days prior to the Redemption Date, the particular Notes or portions thereof to be redeemed from the outstanding Notes not previously called for redemption in accordance with the procedures of DTC; provided that if the Notes are represented by one or more Global Notes, beneficial interests in the Notes will be selected for redemption by DTC in accordance with its standard procedures therefor; provided, however, that no Notes of a principal amount of \$2,000 or less shall be redeemed in part.

(d) The Company shall mail (or otherwise transmit in accordance with the applicable procedures of DTC) notice of a redemption pursuant to this Section 3.02 to the registered address of each Holder of the Notes to be redeemed not less than 30 nor more than 60 days prior to the Redemption Date.

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Section 3.03. *No Other Redemption.* Except as set forth in Sections 3.01 and 3.02, the Notes shall not be redeemable by the Company prior to the applicable Maturity Date. The provisions of this Article 3 shall supersede any conflicting provisions contained in Article 11 of the Base Indenture.

#### ARTICLE 4 CHANGE OF CONTROL TRIGGERING EVENT

Section 4.01. *Change of Control Triggering Event.* (a) If a Change of Control Triggering Event occurs with respect to a series of Notes, unless the Company has exercised its right to redeem the Notes of such series, the Company shall make an offer (the "Change of Control Offer") to repurchase all or, at the Holder's option, any part (equal to \$2,000 or any multiple of \$1,000 in excess thereof) of each Holder's Notes of such series at 101% of the aggregate principal amount thereof plus accrued and unpaid interest, if any, to, but not including, the date of purchase (the "Change of Control Purchase Price") in accordance with the procedures set forth in this Section 4.01.

(b) Within 30 days following any Change of Control Triggering Event or, at the Company's option, prior to any Change of Control, but after public announcement of the transaction that constitutes or may constitute the Change of Control, the Company shall make the Change of Control Offer by mailing, or causing to be mailed, a notice to all Holders of Notes of such series (with a copy mailed to the Trustee) describing the transaction that constitutes or may constitute the Change of Control Triggering Event and offering to repurchase such Notes on the date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed. The notice, if mailed prior to the date of consummation of the Change of Control, will state that the Change of Control Offer is conditioned on the Change of Control Triggering Event occurring on or prior to such payment date.

(c) On the payment date of the Change of Control Purchase Price as specified in the notice, the Company shall, to the extent lawful:

(i) accept for payment all Notes or portions of Notes properly tendered and not withdrawn pursuant to the Change of Control Offer;

(ii) deposit with the Paying Agent an amount equal to the Change of Control Purchase Price in respect of all Notes or portions of Notes properly tendered and not withdrawn pursuant to the Change of Control Offer; and

(iii) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officers' Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Company.

(d) The Paying Agent shall promptly mail to each Holder who properly tendered Notes pursuant to the Change of Control Offer, the Change of Control Purchase Price for such Notes, and the Trustee shall promptly authenticate and mail (or cause to be transferred by book entry) to each such Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; provided that each new Note will be in a principal amount of \$2,000 or a multiple of \$1,000 in excess thereof.

(e) The Company will not be required to make a Change of Control Offer upon a Change of Control Triggering Event if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for a Change of Control Offer made by the Company and such third party purchases all Notes properly tendered and not withdrawn under its offer. In the event that such third party terminates or defaults on its offer, the Company shall make a Change of Control Offer treating the date of such termination or default as though it were the date of such Change of Control Triggering Event.

(f) The Company will not repurchase any Notes if there has occurred and is continuing on the relevant payment date an Event of Default under the Indenture, other than a default in the payment of the Change of Control Purchase Price upon a Change of Control Triggering Event.

(g) The Company will comply with the requirements of Rule 14e-1 under the Exchange Act, and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with

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the repurchase of Notes as a result of a Change of Control Triggering Event. To the extent that the provision of any such securities laws or regulations conflicts with the offer provisions in respect of a Change of Control of the Notes, the Company will comply with those securities laws and regulations and will not be deemed to have breached its obligations under such offer provisions by virtue of any such conflict.

**ARTICLE 5**  
**[INTENTIONALLY OMITTED]**

**ARTICLE 6**  
**FORM OF NOTES**

Section 6.01. *Form of Notes.* The 2026 Notes and the Trustee's Certificate of Authentication to be endorsed thereon are to be substantially in the forms attached as Exhibit A hereto, with such changes therein as the officers of the Company executing the Notes (by manual or facsimile signature) may approve, such approval to be conclusively evidenced by their execution thereof. The 2046 Notes and the Trustee's Certificate of Authentication to be endorsed thereon are to be substantially in the forms attached as Exhibit B hereto, with such changes therein as the officers of the Company executing the Notes (by manual or facsimile signature) may approve, such approval to be conclusively evidenced by their execution thereof.

**ARTICLE 7**  
**ORIGINAL ISSUE OF NOTES**

Section 7.01. *Original Issue of Notes.* 2026 Notes having an aggregate principal amount of \$500,000,000 and 2046 Notes having an aggregate principal amount of \$400,000,000 (subject to provisions of the Base Indenture with respect to authentication and delivery of additional Notes in accordance with Section 3.01 of the Base Indenture and upon registration of transfer of, or in exchange for, or in lieu of, other Notes) may from time to time, upon execution of this Supplemental Indenture No. 3, be executed by the Company and delivered to the Trustee for authentication, and the Trustee shall thereupon authenticate and deliver said Notes to or upon the written order of the Company pursuant to Section 3.03 of the Base Indenture without any further action by the Company (other than as required by the Base Indenture).

**ARTICLE 8**  
**MISCELLANEOUS**

Section 8.01. *Ratification of Indenture.* The Base Indenture, as supplemented by this Supplemental Indenture No. 3, is in all respects ratified and confirmed, and this Supplemental Indenture No. 3 shall be deemed part of the Base Indenture in the manner and to the extent herein and therein provided. All provisions included in this Supplemental Indenture No. 3 supersede any conflicting provisions included in the Base Indenture unless not permitted by law.

Section 8.02. *Trustee Not Responsible for Recitals.* The recitals contained herein shall be taken as statements of the Company and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Supplemental Indenture No. 3. The Trustee shall not be accountable for the use or application by the Company of the Notes or the proceeds thereof.

Section 8.03. *Governing Law.* THIS SUPPLEMENTAL INDENTURE NO. 3 AND EACH NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

Section 8.04. *Separability Clause.* In case any provision in this Supplemental Indenture No. 3 or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 8.05. *Counterparts.* This Supplemental Indenture No. 3 may be executed in any number of counterparts each of which, when so executed, shall be deemed to be an original, but all of which shall together constitute but one and the same instrument.

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*[Signature page follows]*

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IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture No. 3 to be duly executed as of the day and year first written above.

XYLEM INC,

By: /s/ Samir Patel  
Name: Samir Patel  
Title: Corporate Vice President & Treasurer

DEUTSCHE BANK TRUST COMPANY AMERICAS,  
as Trustee

By: Deutsche Bank National Trust Company

By: /s/ Chris Niesz  
Name: Chris Niesz  
Title: Assistant Vice President

By: /s/ Debra A. Schwalb  
Name: Debra A. Schwalb  
Title: Vice President

[Signature Page to Supplemental Indenture No. 3]

[IF THIS NOTE IS TO BE A GLOBAL NOTE, INSERT:]

THIS NOTE IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF THE DEPOSITARY OR A NOMINEE OF THE DEPOSITARY. THIS NOTE IS EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITARY OR A NOMINEE OF THE DEPOSITARY ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE AND MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY, NEW YORK, NEW YORK (“DTC”), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

**XYLEM INC.**

**3.250% Senior Note due 2026**

No. 1 \$500,000,000

CUSIP: 98419M AJ9  
ISIN: US98419MAJ99

XYLEM INC., a corporation organized and existing under the laws of Indiana (hereinafter called the “Company”, which term includes any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co. as nominee of the Depository Trust Company, the principal sum of \$500,000,000<sup>1</sup> on November 1, 2026 (such date is hereinafter referred to as the “Maturity Date”), and to pay interest at a rate of 3.250% per annum from October 11, 2016, or from the most recent date to which interest has been paid or provided for, payable annually in arrears on May 1 and November 1 of each year (each, an “Interest Payment Date”), commencing May 1, 2017 to Holders of record at the close of business on the 15th calendar day (whether or not a Business Day) immediately preceding the Interest Payment Date; provided, however, that interest payable on the Maturity Date of the Notes or any Redemption Date of the Notes shall be payable to the person to whom the principal of such Notes shall be payable.

Interest payable on the Notes on any Interest Payment Date, Redemption Date or Maturity Date shall be computed on the basis of a 360-day year of twelve 30-day months. If any Interest Payment Date falls on a day that is not a Business Day, the interest payment will be made on the next succeeding day that is a Business Day, but no additional interest will accrue as a result of the delay in payment. If the Maturity Date or any Redemption Date of the Notes falls on a day that is not a Business Day, the related payment of principal, premium, if any, and interest will be made on the next succeeding Business Day as if it were made on the date such payment was due, and no interest will accrue on the amounts so payable for the period from and after such date to the next succeeding Business Day.

<sup>1</sup> INSERT THE FOLLOWING LANGUAGE FOR GLOBAL NOTES: [or such other amount as indicated on the Schedule of Increases or Decreases In Note attached hereto]



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Reference is hereby made to the further provisions of this Note set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

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IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

Dated:

XYLEM INC.

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name  
Title:

**TRUSTEE'S CERTIFICATE OF AUTHENTICATION**

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated:

DEUTSCHE BANK TRUST COMPANY AMERICAS  
as Trustee

By: Deutsche Bank National Trust Company

By: \_\_\_\_\_  
Authorized Signatory

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## REVERSE OF NOTE

This Note is one of a duly authorized issue of securities of the Company (herein called the “Notes”), issued and to be issued in one or more series under an Indenture (the “Original Indenture”), dated as of March 11, 2016, between the Company and Deutsche Bank Trust Company Americas, as Trustee (herein called the “Trustee”, which term includes any successor trustee), as amended and supplemented by Supplemental Indenture No. 1, dated as of March 11, 2016, between the Company and the Trustee (“Supplemental Indenture No. 1”; the Original Indenture, as so amended and supplemented, the “Base Indenture”) and as further supplemented by Supplemental Indenture No. 3, dated as of October 11, 2016, between the Company and the Trustee (“Supplemental Indenture No. 3”; the Base Indenture as so further supplemented, the “Indenture”), to which Indenture reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Notes and of the terms upon which the Notes are, and are to be, authenticated and delivered. This Note is one of the series designated on the face hereof, initially limited in aggregate principal amount to \$500,000,000.

All terms used in this Note that are defined in the Indenture shall have the meaning assigned to them in the Indenture.

Principal of, premium, if any, and interest on the Notes will be payable at the office of the Paying Agent or, at the Company’s option, payment of interest may be made by check mailed to the Holders of the Notes at their respective addresses set forth in the register of Holders; provided that all payments of principal, premium, if any, and interest with respect to the Notes represented by one or more Global Notes deposited with, or on behalf of, a common depository, and registered in the name of the nominee of the common depository for the account of The Depository Trust Company, New York, New York (“DTC”) will be made through the facilities of the common depository.

The Paying Agent, transfer agent and Security Registrar with respect to the Notes shall initially be the Trustee.

The Notes shall be issuable in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

The Notes of this series are not entitled to the benefit of any sinking fund.

The Notes are subject to a special mandatory redemption on the terms set forth in, and accordance with, Section 3.01 of Supplemental Indenture No. 3.

At any time prior to August 1, 2026, the Company shall have the right at its option to redeem the Notes, as a whole or in part, at a redemption price (the “Make-Whole Redemption Price”) equal to the greater of:

(i) 100% of the principal amount of the Notes to be redeemed; and

(ii) the sum, as determined by an Independent Investment Banker, of the present values of the remaining scheduled payments of principal and interest (exclusive of interest accrued to the date of redemption) from the Redemption Date to August 1, 2026, discounted to the Redemption Date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 25 basis points;

together with, in each case, accrued and unpaid interest on the principal amount of the Notes to be redeemed to, but not including, the Redemption Date.

At any time on or after August 1, 2026, the Company shall have the right at its option to redeem the Notes, as a whole or in part, at a redemption price (the “Par Redemption Price” and together with the Make-Whole Redemption Price, each an “Optional Redemption Price”) equal to 100% of the principal amount of the Notes to be redeemed; plus, accrued and unpaid interest, if any, on the principal amount of the Notes to be redeemed to, but excluding, the Redemption Date.

If a Change of Control Triggering Event occurs, unless the Company has exercised its right to redeem the Notes, the Company shall make an offer (the “Change of Control Offer”) to repurchase all or, at the Holder’s option, any part (equal to \$2,000 or any multiple of \$1,000 in excess thereof) of each Holder’s Notes at 101% of the

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aggregate principal amount thereof plus accrued and unpaid interest, if any, to, but not including, the date of purchase (the "Change of Control Purchase Price") in accordance with the procedures set forth herein and in Supplemental Indenture No. 3.

Within 30 days following any Change of Control Triggering Event or, at the Company's option, prior to any Change of Control, but after public announcement of the transaction that constitutes or may constitute the Change of Control, the Company shall make the Change of Control Offer by mailing, or causing to be mailed, a notice to all Holders of Notes (with a copy mailed to the Trustee) describing the transaction that constitutes or may constitute the Change of Control Triggering Event and offering to repurchase such Notes on the date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed. The notice, if mailed prior to the date of consummation of the Change of Control, will state that the Change of Control Offer is conditioned on the Change of Control Triggering Event occurring on or prior to such payment date.

On the payment date of the Change of Control Purchase Price as specified in the notice, the Company shall, to the extent lawful:

- (i) accept for payment all Notes or portions of Notes properly tendered and not withdrawn pursuant to the Change of Control Offer;
- (ii) deposit with the Paying Agent an amount equal to the Change of Control Purchase Price in respect of all Notes or portions of Notes properly tendered and not withdrawn pursuant to the Change of Control Offer; and
- (iii) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officers' Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Company.

The Paying Agent shall promptly mail to each Holder who properly tendered Notes pursuant to the Change of Control Offer, the Change of Control Purchase Price for such Notes, and the Trustee shall promptly authenticate and mail (or cause to be transferred by book entry) to each such Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; provided that each new Note will be in a principal amount of \$2,000 or a multiple of \$1,000 in excess thereof.

The Company will not be required to make a Change of Control Offer upon a Change of Control Triggering Event if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for a Change of Control Offer made by the Company and such third party purchases all Notes properly tendered and not withdrawn under its offer. In the event that such third party terminates or defaults on its offer, the Company shall make a Change of Control offer treating the date of such termination or default as though it were the date of such Change of Control Triggering Event.

The Company will not repurchase any Notes if there has occurred and is continuing on the relevant payment date an Event of Default under the Indenture, other than a default in the payment of the Change of Control Purchase Price upon a Change of Control Triggering Event.

The Indenture contains provisions for defeasance of the obligations of the Company at any time upon compliance by the Company with certain conditions set forth therein, which provisions apply to the Notes of this series.

If an Event of Default with respect to Notes of this series shall occur and be continuing, the principal of the Notes of this series may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Notes at any time by the Company and the Trustee with the consent of the Holders of a majority in principal amount of the Notes of each series affected thereby and at the time Outstanding. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Notes of a series at the time Outstanding, on behalf of the Holders of all Notes of such series, to waive certain past defaults under the Indenture and their consequences. Any such consent or

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waiver by the Holder of this Note shall be conclusive and binding upon such Holder and upon all future Holders of this Note and of any Note issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Note.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Note is registrable in the Security Register, upon surrender of this Note for registration of transfer at the office or agency of the Company in any place where the principal of and interest on this Note are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Notes of this series, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Securities, other than exchanges pursuant to Sections 3.04, 3.06, 9.06 and 11.07 of the Base Indenture.

Prior to due presentment of this Note for registration of transfer, and except as provided for in the Indenture, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Note is registered as the owner hereof for all purposes, whether or not this Note is overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

The Notes of this series are issuable in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. As provided in the Indenture and subject to certain limitations therein set forth, Notes of this series are exchangeable for a like aggregate principal amount of Notes of this series of a different authorized denomination, as requested by the Holder surrendering the same.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

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**ASSIGNMENT**

FOR VALUE RECEIVED, the undersigned assigns and transfers this Note to:

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(Insert assignee's social security or tax identification number)

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(Insert address and zip code of assignee)

and irrevocably appoints

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agent to transfer this Note on the books of the Company. The agent may substitute another to act for him or her.

Date: \_\_\_\_\_

Signature:

Signature Guarantee \_\_\_\_\_

(Sign exactly as your name appears on the other side of this Note)

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SIGNATURE GUARANTEE

Signatures must be guaranteed by an “eligible guarantor institution” meeting the requirements of the Security Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program (“STAMP”) or such other “signature guarantee program” as may be determined by the Security Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

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**SCHEDULE OF INCREASES OR DECREASES IN NOTE**

The initial principal amount of this Note is \$500,000,000. The following increases or decreases in the principal amount of this Note have been made:

<u>Date</u>	<u>Amount of decrease in principal amount of this Note</u>	<u>Amount of increase in principal amount of this Note</u>	<u>Principal amount of this Note following such decrease or increase</u>	<u>Signature of authorized signatory of Trustee</u>



[IF THIS NOTE IS TO BE A GLOBAL NOTE, INSERT:]

THIS NOTE IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF THE DEPOSITARY OR A NOMINEE OF THE DEPOSITARY. THIS NOTE IS EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITARY OR A NOMINEE OF THE DEPOSITARY ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE AND MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY, NEW YORK, NEW YORK ("DTC"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

**XYLEM INC.**

**4.375% Senior Note due 2046**

No. 1 \$400,000,000

CUSIP: 98419M AK6  
ISIN: US98419MAK62

XYLEM INC., a corporation organized and existing under the laws of Indiana (hereinafter called the "Company", which term includes any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co. as nominee of the Depository Trust Company, the principal sum of \$400,000,000<sup>2</sup> on November 1, 2046 (such date is hereinafter referred to as the "Maturity Date"), and to pay interest at a rate of 4.375% per annum from October 11, 2016, or from the most recent date to which interest has been paid or provided for, payable annually in arrears on May 1 and November 1 of each year (each, an "Interest Payment Date"), commencing May 1, 2017 to Holders of record at the close of business on the 15th calendar day (whether or not a Business Day) immediately preceding the Interest Payment Date; provided, however, that interest payable on the Maturity Date of the Notes or any Redemption Date of the Notes shall be payable to the person to whom the principal of such Notes shall be payable.

Interest payable on the Notes on any Interest Payment Date, Redemption Date or Maturity Date shall be computed on the basis of a 360-day year of twelve 30-day months. If any Interest Payment Date falls on a day that is not a Business Day, the interest payment will be made on the next succeeding day that is a Business Day, but no additional interest will accrue as a result of the delay in payment. If the Maturity Date or any Redemption Date of the Notes falls on a day that is not a Business Day, the related payment of principal, premium, if any, and interest will be made on the next succeeding Business Day as if it were made on the date such payment was due, and no interest will accrue on the amounts so payable for the period from and after such date to the next succeeding Business Day.

<sup>2</sup> INSERT THE FOLLOWING LANGUAGE FOR GLOBAL NOTES: [or such other amount as indicated on the Schedule of Increases or Decreases In Note attached hereto]

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Reference is hereby made to the further provisions of this Note set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

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IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

Dated:

XYLEM INC.

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name  
Title:

**TRUSTEE'S CERTIFICATE OF AUTHENTICATION**

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated:

DEUTSCHE BANK TRUST COMPANY AMERICAS  
as Trustee

By: Deutsche Bank National Trust Company

By: \_\_\_\_\_  
Authorized Signatory

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## REVERSE OF NOTE

This Note is one of a duly authorized issue of securities of the Company (herein called the “Notes”), issued and to be issued in one or more series under an Indenture (the “Original Indenture”), dated as of March 11, 2016, between the Company and Deutsche Bank Trust Company Americas, as Trustee (herein called the “Trustee”, which term includes any successor trustee), as amended and supplemented by Supplemental Indenture No. 1, dated as of March 11, 2016, between the Company and the Trustee (“Supplemental Indenture No. 1”; the Original Indenture, as so amended and supplemented, the “Base Indenture”) and as further supplemented by Supplemental Indenture No. 3, dated as of October 11, 2016, between the Company and the Trustee (“Supplemental Indenture No. 3”; the Base Indenture as so further supplemented, the “Indenture”), to which Indenture reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Notes and of the terms upon which the Notes are, and are to be, authenticated and delivered. This Note is one of the series designated on the face hereof, initially limited in aggregate principal amount to \$400,000,000.

All terms used in this Note that are defined in the Indenture shall have the meaning assigned to them in the Indenture.

Principal of, premium, if any, and interest on the Notes will be payable at the office of the Paying Agent or, at the Company’s option, payment of interest may be made by check mailed to the Holders of the Notes at their respective addresses set forth in the register of Holders; provided that all payments of principal, premium, if any, and interest with respect to the Notes represented by one or more Global Notes deposited with, or on behalf of, a common depository, and registered in the name of the nominee of the common depository for the account of The Depository Trust Company, New York, New York (“DTC”) will be made through the facilities of the common depository.

The Paying Agent, transfer agent and Security Registrar with respect to the Notes shall initially be the Trustee.

The Notes shall be issuable in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

The Notes of this series are not entitled to the benefit of any sinking fund.

The Notes are subject to a special mandatory redemption on the terms set forth in, and accordance with, Section 3.01 of Supplemental Indenture No. 3.

At any time prior to May 1, 2046, the Company shall have the right at its option to redeem the Notes, as a whole or in part, at a redemption price (the “Make-Whole Redemption Price”) equal to the greater of:

(i) 100% of the principal amount of the Notes to be redeemed; and

(ii) the sum, as determined by an Independent Investment Banker, of the present values of the remaining scheduled payments of principal and interest (exclusive of interest accrued to the date of redemption) from the Redemption Date to May 1, 2046, discounted to the Redemption Date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 35 basis points;

together with, in each case, accrued and unpaid interest on the principal amount of the Notes to be redeemed to, but not including, the Redemption Date.

At any time on or after May 1, 2046, the Company shall have the right at its option to redeem the Notes, as a whole or in part, at a redemption price (the “Par Redemption Price” and together with the Make-Whole Redemption Price, each an “Optional Redemption Price”) equal to 100% of the principal amount of the Notes to be redeemed; plus, accrued and unpaid interest, if any, on the principal amount of the Notes to be redeemed to, but excluding, the Redemption Date.

If a Change of Control Triggering Event occurs, unless the Company has exercised its right to redeem the Notes, the Company shall make an offer (the “Change of Control Offer”) to repurchase all or, at the Holder’s option, any part (equal to \$2,000 or any multiple of \$1,000 in excess thereof) of each Holder’s Notes at 101% of the

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aggregate principal amount thereof plus accrued and unpaid interest, if any, to, but not including, the date of purchase (the "Change of Control Purchase Price") in accordance with the procedures set forth herein and in Supplemental Indenture No. 3.

Within 30 days following any Change of Control Triggering Event or, at the Company's option, prior to any Change of Control, but after public announcement of the transaction that constitutes or may constitute the Change of Control, the Company shall make the Change of Control Offer by mailing, or causing to be mailed, a notice to all Holders of Notes (with a copy mailed to the Trustee) describing the transaction that constitutes or may constitute the Change of Control Triggering Event and offering to repurchase such Notes on the date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed. The notice, if mailed prior to the date of consummation of the Change of Control, will state that the Change of Control Offer is conditioned on the Change of Control Triggering Event occurring on or prior to such payment date.

On the payment date of the Change of Control Purchase Price as specified in the notice, the Company shall, to the extent lawful:

- (i) accept for payment all Notes or portions of Notes properly tendered and not withdrawn pursuant to the Change of Control Offer;
- (ii) deposit with the Paying Agent an amount equal to the Change of Control Purchase Price in respect of all Notes or portions of Notes properly tendered and not withdrawn pursuant to the Change of Control Offer; and
- (iii) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officers' Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Company.

The Paying Agent shall promptly mail to each Holder who properly tendered Notes pursuant to the Change of Control Offer, the Change of Control Purchase Price for such Notes, and the Trustee shall promptly authenticate and mail (or cause to be transferred by book entry) to each such Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; provided that each new Note will be in a principal amount of \$2,000 or a multiple of \$1,000 in excess thereof.

The Company will not be required to make a Change of Control Offer upon a Change of Control Triggering Event if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for a Change of Control Offer made by the Company and such third party purchases all Notes properly tendered and not withdrawn under its offer. In the event that such third party terminates or defaults on its offer, the Company shall make a Change of Control offer treating the date of such termination or default as though it were the date of such Change of Control Triggering Event.

The Company will not repurchase any Notes if there has occurred and is continuing on the relevant payment date an Event of Default under the Indenture, other than a default in the payment of the Change of Control Purchase Price upon a Change of Control Triggering Event.

The Indenture contains provisions for defeasance of the obligations of the Company at any time upon compliance by the Company with certain conditions set forth therein, which provisions apply to the Notes of this series.

If an Event of Default with respect to Notes of this series shall occur and be continuing, the principal of the Notes of this series may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Notes at any time by the Company and the Trustee with the consent of the Holders of a majority in principal amount of the Notes of each series affected thereby and at the time Outstanding. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Notes of a series at the time Outstanding, on behalf of the Holders of all Notes of such series, to waive certain past defaults under the Indenture and their consequences. Any such consent or

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waiver by the Holder of this Note shall be conclusive and binding upon such Holder and upon all future Holders of this Note and of any Note issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Note.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Note is registrable in the Security Register, upon surrender of this Note for registration of transfer at the office or agency of the Company in any place where the principal of and interest on this Note are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Notes of this series, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Securities, other than exchanges pursuant to Sections 3.04, 3.06, 9.06 and 11.07 of the Base Indenture.

Prior to due presentment of this Note for registration of transfer, and except as provided for in the Indenture, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Note is registered as the owner hereof for all purposes, whether or not this Note is overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

The Notes of this series are issuable in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. As provided in the Indenture and subject to certain limitations therein set forth, Notes of this series are exchangeable for a like aggregate principal amount of Notes of this series of a different authorized denomination, as requested by the Holder surrendering the same.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

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**ASSIGNMENT**

FOR VALUE RECEIVED, the undersigned assigns and transfers this Note to:

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(Insert assignee's social security or tax identification number)

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(Insert address and zip code of assignee)

and irrevocably appoints

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agent to transfer this Note on the books of the Company. The agent may substitute another to act for him or her.

Date: \_\_\_\_\_

Signature:

Signature Guarantee \_\_\_\_\_

(Sign exactly as your name appears on the other side of this Note)

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SIGNATURE GUARANTEE

Signatures must be guaranteed by an “eligible guarantor institution” meeting the requirements of the Security Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program (“STAMP”) or such other “signature guarantee program” as may be determined by the Security Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.



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**SCHEDULE OF INCREASES OR DECREASES IN NOTE**

The initial principal amount of this Note is \$400,000,000. The following increases or decreases in the principal amount of this Note have been made:

<u>Date</u>	<u>Amount of decrease in principal amount of this Note</u>	<u>Amount of increase in principal amount of this Note</u>	<u>Principal amount of this Note following such decrease or increase</u>	<u>Signature of authorized signatory of Trustee</u>

October 11, 2016

Xylem Inc.  
1 International Drive  
Rye Brook, New York 10573

Re: Xylem Inc.  
Registration Statement on Form S-3 (File No. 333-207672)

Ladies and Gentlemen:

We have acted as counsel to Xylem Inc., an Indiana corporation (the "Company"), in connection with the preparation and filing with the Securities and Exchange Commission (the "Commission") of a Registration Statement on Form S-3, file no. 333-207672 (the "Registration Statement") under the Securities Act of 1933, as amended (the "Securities Act"), the prospectus included therein, the preliminary prospectus supplement, dated October 3, 2016, filed with the Commission on October 3, 2016 pursuant to Rule 424(b) of the Securities Act (the "Preliminary Prospectus Supplement"), the final prospectus supplement, dated October 3, 2016, filed with the Commission on October 5, 2016 pursuant to Rule 424(b) of the Securities Act (the "Final Prospectus Supplement" and, collectively with the Preliminary Prospectus Supplement, the "Prospectus Supplement") and the offering by the Company pursuant thereto of \$500,000,000 principal amount of the Company's 3.250% Senior Notes due 2026 (the "2026 Notes") and \$400,000,000 principal amount of the Company's 4.375% Senior Notes due 2046 (together with the 2026 Notes, the "Notes").

The Notes have been issued pursuant to the Indenture, dated as of March 11, 2016 (the "Base Indenture"), between the Company and Deutsche Bank Trust Company Americas, as trustee (the "Trustee"), as modified by Supplemental Indenture No. 1 pursuant to Section 9.01(c) of the Base Indenture, dated as of March 11, 2016 (the "First Supplemental Indenture"), and as further modified in respect of the Notes by the Supplemental Indenture No. 3 pursuant to Sections 3.01 and 9.01(g) of the Base Indenture dated October 11, 2016 (the "Third Supplemental Indenture"), and together with the Base Indenture and the First Supplemental Indenture, the "Indenture") between the Company and the Trustee.

In arriving at the opinion expressed below, we have examined originals, or copies certified or otherwise identified to our satisfaction as being true and complete copies of the originals, of the Base Indenture, the First Supplemental Indenture, the Third Supplemental Indenture, and the Notes and such other documents, corporate records, certificates of officers of the Company and of public officials and other instruments as we have deemed necessary or

advisable to enable us to render this opinion. In our examination, we have assumed, without independent investigation, the genuineness of all signatures, the legal capacity and competency of all natural persons, the authenticity of all documents submitted to us as originals and the conformity to original documents of all documents submitted to us as copies. As to any facts material to this opinion, we have relied to the extent we deemed appropriate and without independent investigation upon statements and representations of officers and other representatives of the Company and others.

Based upon the foregoing, and subject to the assumptions, exceptions, qualifications and limitations set forth herein, we are of the opinion that, assuming the Company is validly existing and has all requisite power to execute, deliver and perform its obligations under, and has duly executed and delivered, the Base Indenture, the First Supplemental Indenture and the Third Supplemental Indenture and the certificates evidencing the global Notes (collectively, the "Specified Note Documents"), and the Trustee has duly authorized and validly executed and delivered the Specified Note Documents, and the Notes have been authenticated in accordance with the terms of the Indenture, the Notes are legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their terms.

The opinion expressed above is subject to the following additional exceptions, qualifications, limitations and assumptions:

A. We render no opinion herein as to matters involving the laws of any jurisdiction other than the State of New York and the United States of America. This opinion is limited to the effect of the current state of the laws of the State of New York and the United States of America and the facts as they currently exist. We assume no obligation to revise or supplement this opinion in the event of future changes in such laws or the interpretations thereof or such facts.

B. The opinion above is subject to (i) the effect of any bankruptcy, insolvency, reorganization, moratorium, arrangement or similar laws affecting the rights and remedies of creditors' generally, including without limitation the effect of statutory or other laws regarding fraudulent transfers or preferential transfers, and (ii) general principles of equity, including without limitation concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance, injunctive relief or other equitable remedies regardless of whether enforceability is considered in a proceeding in equity or at law.

C. We express no opinion regarding the effectiveness of (i) any waiver of stay, extension or usury laws, (ii) provisions relating to indemnification, exculpation or contribution, to the extent such provisions may be held unenforceable as contrary to public policy or federal or state securities laws or due to the negligence or willful misconduct of the

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Xylem Inc.  
October 11, 2016  
Page 3

indemnified party, (iii) any waiver of the right to jury trial or (iv) any provision to the effect that every right or remedy is cumulative and may be exercised in addition to any other right or remedy is cumulative and may be exercised in addition to any other right or remedy or that the election of some particular remedy does not preclude recourse to one or more others.

We consent to the filing of this opinion as an exhibit to the Registration Statement, and we further consent to the use of our name under the caption “Validity of the Securities” and “Validity of the Notes” in the Registration Statement and the Prospectus Supplement. In giving these consents, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Commission promulgated thereunder.

Very truly yours,

/s/ GIBSON, DUNN & CRUTCHER LLP

[Letterhead of Barnes & Thornburg LLP]

Xylem Inc.  
1 International Drive  
Rye Brook, NY 10573

Ladies and Gentlemen:

We have acted as special Indiana counsel to Xylem Inc., an Indiana corporation (the “Company”) in connection with the filing with the Securities and Exchange Commission (the “Commission”) of a Registration Statement on Form S-3, file no. 333-207672 (the “Registration Statement”), under the Securities Act of 1933, as amended (the “Securities Act”), the prospectus included therein, the preliminary prospectus supplement, dated October 3, 2016, filed with the Commission on October 3, 2016 pursuant to Rule 424(b) of the Securities Act (the “Preliminary Prospectus Supplement”), the final prospectus supplement, dated as of October 3, 2016 filed with the Commission on October 5, 2016 pursuant to Rule 424(b) of the Securities Act (the “Final Prospectus Supplement” and, collectively with the Preliminary Prospectus Supplement, the “Prospectus Supplement”), and the offering by the Company pursuant thereto of \$500,000,000 aggregate principal amount of the Company’s 3.250% Senior Notes due 2026 and \$400,000,000 aggregate principal amount of the Company’s 4.375% Senior Notes due 2046 (collectively the “Notes”) in the manner set forth in the Registration Statement and the Prospectus Supplement.

The Notes have been issued pursuant to the Indenture dated as of March 11, 2016 (the “Base Indenture”), between the Company and Deutsche Bank Trust Company Americas, as indenture trustee (the “Trustee”), as supplemented by Supplemental Indenture No. 1, dated as of March 11, 2016 (the “First Supplemental Indenture”) and Supplemental Indenture No. 3, dated October 11, 2016 (the “Third Supplemental Indenture” and together with the First Supplemental Indenture and the Base Indenture, the “Indenture”) between the Company and the Trustee.

In arriving at the opinions expressed below, we have examined originals, or copies certified or otherwise identified to our satisfaction as being true and complete copies of the originals, of the Base Indenture, the First Supplemental Indenture, the Third Supplemental Indenture and the certificates evidencing the global Notes (the “Notes Documents”). We have also examined such other documents, corporate records, certificates of officers of the Company and of public officials and other instruments as we have deemed necessary or advisable to enable us to render these opinions. In our examination, we have assumed, without independent investigation, the genuineness of all signatures, the legal capacity and competency of all natural persons, the authenticity of all documents submitted to us as originals and the conformity to original documents of all documents submitted to us as copies. As to any facts material to these opinions, we have relied to the extent we deemed appropriate and without independent investigation upon statements and representations of officers and other representatives of the Company and others.

Based upon the foregoing, and subject to the assumptions, exceptions, qualifications and limitations set forth herein, we are of the opinion that:

1. The Company is validly existing under the laws of the State of Indiana and has all requisite power to execute, deliver and perform its obligations under the Notes Documents.

2. The execution and delivery by the Company of the Notes Documents and the performance of its obligations thereunder have been duly authorized by all necessary corporate action.

Our opinion speaks as of the date hereof. We render no opinions herein as to matters involving the laws of any jurisdiction other than the State of Indiana. We assume no obligation to revise or supplement this opinion in the event of future changes in such laws or the interpretations thereof or such facts.

We consent to the filing of this opinion as an exhibit to the Registration Statement, and we further consent to the use of our name under the caption "Validity of the Securities" in the Registration Statement and under the caption "Validity of the Notes" the Prospectus Supplement. In giving these consents, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Commission promulgated thereunder.

Very truly yours,

/s/ BARNES & THORNBURG LLP  
BARNES & THORNBURG LLP